

Message Text

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ACTION EB-06

INFO OCT-01 ARA-06 EUR-12 NEA-06 IO-10 ISO-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 AF-04 EA-06 OIC-02 /115 W

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FM USMISSION GENEVA

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INFO EC BRUSSELS 4200

AMEMBASSY BRASILIA

AMEMBASSY MADRID

AMEMBASSY NEW DELHI

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: GATT COMMITTEE ON TRADE AND DEVELOPMENT, NOVEMBER 6-7

REF: A.STATE 243774; B. STATE 243666

BEGIN SUMMARY. LDCS REPEATED REQUEST FOR EXEMPTION FROM
DC RESTRICTIONS BOTH WITH RESPECT SUCH RECENT MEASURES
AS EC BEEF LIMITS AND, BASED ON PART IV, FOR TRADE IN
GENERAL. U.S. FOOTWEAR ACTION RECEIVED LITTLE ATTENTION.
SPAIN REPEATED WARNING OF POSSIBLE BOP RESTRICTIONS.
LDCS CLAIMED TERMS OF TRADE AGAIN DETERIORATING FOR
THEM; DCS DISAGREED. COMMITTEE AGREED REVIEW DEVELOP-
MENTS IN MTN PERIODICALLY WITHOUT OVERLAPPING. END
SUMMARY.

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1. DURING NOVEMBER 6-7 MEETING GATT COMMITTEE ON TRADE

AND DEVELOPMENT, DEVELOPED COUNTRIES INCLUDING AUSTRIA, SWEDEN, EC, JAPAN PRAISED OWN GSP SCHEMES. EC (ABBOTT) ADDED THEY SAW CONVERGENCE OF INTEREST ON COMMODITIES ISSUES BETWEEN CONSUMING AND PRODUCING COUNTRIES, SAID STABILITY OF EARNINGS IMPORTANT. SAID EC-ACP NEGOTIATIONS COULD PRODUCE PARTNERSHIP; RE SUGAR, HOPED A SCHEME COULD BE FINALIZED WITHIN NEXT FEW WEEKS WHICH WILL BE OF INTEREST TO ALL LDCS. BRAZIL, DOMINICAN REPUBLIC SAID THESE NEGOTIATIONS DISCRIMINATE AGAINST THEM AND OTHERS.

2. U.S. (ABRAMS) DREW ATTENTION OF COMMITTEE TO FACT THAT STAINLESS STEEL FLATWARE LIBERALIZING ACTION REFERRED TO IN COM. TD/W/217 ONLY INVOLVED TARIFF RATE QUOTAS AND NOT IMPORT QUOTAS AS STATED.

3. ARGENTINA, ROMANIA, URUGUARY, BRAZIL COMPLAINED OF EC EXTENSION OF MEAT RESTRICTIONS AS FURTHER VIOLATION GATT PART IV. EC SAID MEASURES DEFENSIBLE UNDER ART. XXXVII AND SAID CANADA AND OTHERS HAVE MEAT RESTRICTIONS TOO; PROBLEM IS WORLD-WIDE. CANADA EXPRESSED SURPRISE AT GRATUITOUS EC REFERENCE TO CANADIAN MEASURES, AS THEY AFFECT NEITHER EC NOR LDCS BECAUSE OF HISTORICAL PATTERNS OF TRADE. BRAZIL AGAIN SAID ITALIAN PRIOR DEPOSITS VIOLATE PART IV, AS DO JAPANESE RESTRICTIONS ON RAW SILK. EC SAID ITALIAN DEPOSITS RELATE TO TARIFFS ONLY, THUS CAP ITEMS EXEMPTED; "UP TO MOMENT" IT HAS NOT BEEN POSSIBLE EXCEPT LDCS. U.S. REMINDED COMMITTEE OF OUR POSITION THAT BALANCE-OF-PAYMENTS MEASURES SUCH AS ITALIAN PRIOR DEPOSITS SHOULD BE NON-DISCRIMINATORY. INDIA AND NIGERIA SAID ITALIAN RESTRICTIONS HANDLED LIKE OTHER DC RESTRICTIONS, SAID IN SPITE EXISTENCE OF PART IV, LDCS HAVE NEVER BEEN SPECIALLY EXEMPTED FROM DC MEASURES AND ASKED THAT SITUATION BE IMPROVED.

4. BRAZIL DID NOT RPT NOT DWELL ON U.S. COUNTERVAILING DUTY ACTION ON FOOTWEAR, AND SPAIN NEVER MENTIONED IT DIRECTLY. BRAZIL SAID MATTER ALREADY RAISED IN COUNCIL AND HOPED MTN COULD ADDRESS PROBLEM LIMITED OFFICIAL USE

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IN CONTEXT CONSIDERATION OF DIFFERENTIAL TREATMENT FOR LDCS ON SUBSIDIES AND COUNTERVAILING DUTIES. U.S. THEREFORE DID NOT ENGAGE IN LENGTHY RESPONSE, ONLY REPEATED ARGUMENTS IN PARA 6-(D) OF REFTEL (B) THAT WE IN COMPLIANCE WITH ART XXXVII EXEMPTION FOR LEGAL REASONS, APPRECIATE NEEDS OF LDCS, HAVE INDICATED WILLINGNESS EXPLORE POSSIBILITY OF NEW COMPREHENSIVE RULES ON SUBSIDIES AND COUNTERVAILING DUTIES

AND IN THAT CONTEXT TO DISCUSS DIFFERENTIAL TREATMENT FOR LDCS, HAVE WELCOMED BRAZIL'S INITIATIVES IN MTN 3 (B) GROUP, AND WHEN INTERNATIONAL AGREEMENT REACHED WOULD BE PREPARED SEEK CHANGES IN U.S. LEGISLATION.

5. SPAIN AGAIN REMINDED COMMITTEE THAT MADRID MIGHT BE FORCED "TAKE MEASURES" AS CONSEQUENCE RISING RAW MATERIAL IMPORT PRICES AND RESTRICTIONS FACING SPANISH EXPORTS, INCLUDING SHOES, TEXTILES, STEEL. REMINDED COMMITTEE THIS "PUTS SPAIN IN DIFFICULT POSITION."
(NOTE: SEE GENEVA 4069 AND MADRID 4056 FOR PREVIOUS AIRING THIS ISSUE.)

6. WHEN JOINING ITS APPEAL FOR BETTER APPLICATION OF DIFFERENTIAL TREATMENT VIZ PART IV, KOREA EXPRESSED FEAR OF PROLIFERATION OF RESTRICTIONS IN REACTION RECENT DC TRADE MEASURES, WHICH THEY SAID CONTRADICT OECD PLEDGE. BRAZIL PROPOSED CTD BE USED AS FORUM FOR LDCS TO CONSULT ON IMPORT MEASURES TAKEN SINCE OECD PLEDGE, BUT THERE NO SUPPORT.

7. NIGERIA SIAD TERMS OF TRADE HAVE AGAIN TURNED AGAINST LDCS; SUGGESTED DCS LOOK INTO PROBLEM AND FIND WAYS TO HELP LDCS. SIAD COM.TD/W/215 WRITTEN BY GATT SECRETARIAT AGREES TERMS OF TRADE WORSENING. SPAIN SUPPORTED. U.S. ARGUED PER REFTEL (A), PARA (A), THAT MOST RECENT COMMODITY PRICE DECLINES SHOULD BE CONSIDERED IN CONTEXT RECENT SHARP PRICE RISES; RECENT PRICE DECLINES DO NOT QUALIFY AS TRENDS; PETROLEUM PRICES INCREASES AND THEIR DIRECT AND INDIRECT EFFECTS ON COSTS OF PRODUCING AND TRANSPORTING OTHER GOODS AND HENCE ON WORLD INFLATION SHOULD BE CONSIDERED IN ANY REVIEW OF CURRENT INTERNATIONAL TRADE SITUATION. EC SAID LIMITED OFFICIAL USE

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DIFFICULTIES NOT CONFINED TO LDCS AND INDEED NOT TRUE FOR ALL LDCS EITHER. EC AGREED THERE WAS NO REAL TREND TOWARD FALLING COMMODITY PRICES. FOLLOWING DAY, VENEZUELA, ALGERIA, EGYPT REFERRED BACK TO U.S. STATEMENT ON OIL PRICE INDIRECT EFFECT ON OTHER INFLATION AND TERMS OF TRADE AND SAID THEY DIDN'S AGREE, GIVING NO ELABORATION. JAPAN ASSOCIATED ITSELF WITH U.S. ON DIRECT AND INDIRECT EFFECTS OF OIL PRICE INCREASES.

8. LDCS DID NOT REPEAT APPEALS MADE IN EARLIER CTD SESSIONS FOR GREATER UNCTAD PARTICIPATION IN MTN. RATHER, THEY GAVE LENGTHY PRAISE FOR TECHNICAL ASSISTANCE PROVIDED BY GATT SECRETARIAT. THIS JOINED IN BY U.S., PER REFTEL (A), AND BY CANADA. TABLE FULL OF SOMBER

UNCTAD OFFICIALS SAT THROUGH A CTD WHICH FOR ONCE NEVER MENTIONED THEIR ORGANIZATION. INDIA AND NIGERIA MADE UNUSUALLY FLOWERY STATEMENTS ABOUT GATT SECRETARIAT, AND JAMAICA WENT FURTHER, SAYING ASSISTANCE PROVIDED REFLECTS CREDIT ON GATT AS A WHOLE.

9. INDIA, BRAZIL, KOREA SAID CTD SHOULD MEET PERIODICALLY TO REVIEW PROGRESS IN MTN TOWARD ACHIEVING LDC OBJECTIVES AND PROVIDING DIFFERENTIAL TREATMENT. BRAZIL EMPHASIZED PRIMARY JOB BELONGED TO TNC, SAID CTD SHOULD SUPPLEMENT, NOT OVERLAP TNC. EC ASKED COMMITTEE AVOID TOO PRECISE A MANDATE RE MTN, SAID IT SHOULD AVOID OVERLAPPING BUT KEEP SURVEILLANCE ROLE. EC ALSO ASKED COMMITTEE IN FURTHER TO REVIEW RESULTS OF INTRA-LDC TRADE NEGOTIATIONS.

10. COMMENT: NO MENTION AT ALL WAS MADE OF SENATE FINANCE COMMITTEE VERSION TITLE V OF TRA. ASSUME RECENT INFORMAL DISCUSSION WITH GENEVA DELS BY AMBASSADOR MALMGREN WAS MAJOR FACTOR.DALE

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